



Department of Energy
Washington, DC 20585

JUL 16 2002

Received

JUL 19 2002

FIELD CHIEF OF
FINANCIAL OFFICER

MEMORANDUM FOR HEADS OF DEPARTMENTAL ELEMENTS

FROM: BRUCE M. CARNES
DIRECTOR, OFFICE OF MANAGEMENT, BUDGET
AND EVALUATION CHIEF FINANCIAL OFFICER

SUBJECT: Clarification of Work Covered by the Counter Terrorism and
Homeland Security Blanket Pricing Exception

On May 8, 2002, I issued a memorandum announcing the Secretary's approval to impose a zero percent Federal administrative charge on work the Department performs for other Federal agencies in support of counter terrorism and homeland security activities. Since then, concerns have been expressed to my office that there will be attempts to interpret the Secretary's exception rather broadly.

The Secretary's approved pricing exception is limited to the following types of work: reimbursable work supporting research, development, testing, evaluation, training, and exercises directly related to counter terrorism and homeland security activities sponsored by other Federal agencies. Any other types of reimbursable work, though related to counter terrorism and homeland security, are not covered by this pricing exception.

With regard to the types of work that fall under the category of counter terrorism and homeland security, offices should assume that the three percent Federal administrative charge will be assessed unless the other Federal agency sponsoring the reimbursable work can demonstrate, including providing written certification, that the work being funded is Congressionally directed at achieving counter terrorism or homeland security objectives. The cognizant program official, with concurrence from the Field Chief Financial Officer, must approve the exception based on the supporting documentation, including written certification, obtained from the sponsoring other Federal agency.

Should your staff have any questions regarding this matter, please contact Greg Dulovich on 202-586-0462.

cc: Field CFOs

